and justifications of the actuarial assumptions, and the assumptions unique to postretirement health care benefits.[32]

SFAS-106 requires the use of explicit assumptions, each of which individually represents the best estimate regarding a particular future event. The probability of payment is taken into account in assumptions about turnover, dependency status and mortality. Generally, assumptions are made that are expected to hold true over a long period of time. The possibility of a future downsizing, as a one-time or short term event, is not an assumption that should impact the calculation of the expected benefit obligation. General attrition is taken into account in assumptions about turnover. The NTCs have generally implemented their downsizing efforts via retirement incentives, not having material impact on the probability that employees will leave the business prior to becoming eligible to receive their postemployment benefits.

In December 1993, NYT accrued SFAS-106 curtailment charges pertaining to restructuring and planned downsizing of $53.2 million for management employees and $217.3 million for nonmanagement employees. For NET, these figures were $43.1 million and $150.8 million, respectively. For FCC reporting purposes, these charges were reflected in Account 7370, Special Charges for NYT and Account 7360.99, Other Nonoperating Income for NET, in accordance with RAO 24. As employees left the payroll during 1994 (and will continue in 1995 and 1996), a portion of the amount recorded in Accounts 7370 and 7360.99 is reversed, and the actual SFAS-106 amount is recorded as operating expense in Account 6728, Other General and Administrative Expense. Total SFAS-106 charges recognized as operating expense in 1994 for NYT

[32] Meaningful comparisons cannot be drawn between SFAS-112 costs and SFAS-106 costs because of the very different types of benefits involved. However, see Appendix H.2 for SFAS-112 costs and the associated valuation methods.

were $63.9 million for management employees and $166.7 million for nonmanagement employees. For NET, these figures were $41.8 million and $43.0 million, respectively. Amounts reversed from Account 7370 during 1994 for NYT were $38.2 million for management employees and $36.2 million for nonmanagement employees. Amounts reversed from Account 7360.99 during 1994 for NET were $25.9 million for management employees and $11.3 million for nonmanagement employees. The difference between the amounts actually incurred and the related amounts previously accrued (and now reversed) is primarily due to the offering of a special retirement incentive which added six years to age and six years to service for determining benefit eligibility, enabling greater number of employees to retire and leave the business with full postemployment benefits.

Designation Order ¶ 28:

Regarding the issue of any double-counting see response to Designation Order ¶ 24, including Appendix H.1.

Designation Order ¶ 29:

For NYT, average total compensation per employee is $75,373 for management employees and $60.454 for nonmanagement employees. For NET, these figures are $62,592 and $53,188, respectively. Of these amounts for NYT, OPEBs represent 19.2% of total compensation costs for management employees and 11.7% for nonmanagement employees. The respective figures for NET are 15.3% and 12.9%. Total compensation includes wages, salaries, special payments (overtime, team awards, etc.), and benefits (including medical, dental, company savings plan contributions, disability, pensions and OPEBs). These amounts were derived by dividing 1994 annual costs by the average monthly force during 1994.

Designation Order ¶ 30:

The basic premise in Designation Order ¶ 30 that OPEB accruals may never be paid is not applicable on a going-concern basis. That is, as long as a LEC continues to exist, accrued OPEB benefits will be paid. The only time such benefits will not be paid is if the benefit plan is terminated (settled) or curtailed. For LECs this seems highly unlikely, as such action would have to be negotiated with the unions and would be otherwise disruptive and problematical. Furthermore, depending on the terms of the settlement or curtailment, the transaction could result in a possible loss as well as a possible gain. Over time, recovery of retiree benefit costs has been less than amounts paid to or on behalf of retirees (see responses under Issue A herein). Also, on a going forward basis, the Commission has promulgated a stricter test generally denying exogenous treatment of OPEB costs absent a demonstrated impact on cash flow (see Price Cap Review Order). Given these developments, it seems likely that LECs will not recover more than their cash payments to retirees, and over time will recover less than that amount.

III. CONCLUSION

NYNEX has fully justified its exogenous adjustments for additional OPEB costs arising from implementation of SFAS-106, and has met the legal standard for exogenous cost treatment as set forth in the D.C. Circuit's OPEB Decision. The Bureau should promptly conclude this investigation by upholding and making permanent the NYNEX OPEB tariffs under investigation herein.

Respectfully submitted,

New England Telephone and
Telegraph Company

New York Telephone Company

By /s/Campbell L. Ayling
Campbell L. Ayling

1111 Westchester Avenue
White Plains, NY 10604
914/644-6306

Their Attorney

Dated: August 14, 1995
93-193.doc

Appendix A.1

Appendix A.1

PAY-AS-YOU-GO POSTRETIREMENT EXPENSES

MILLIONS OF DOLLARS

	1990/1991 ACCESS FILING	1991 ACTUAL	1992 ACTUAL	1993 ACTUAL	1994 ACTUAL
NEW ENGLAND	53.2	50.8	63.7	67.2	75.4
NEW YORK	114.8	101.1	131.6	142.0	167.1
NYNEX TELEPHONE COMPANIE	168.0	151.9	195.3	209.2	242.5

Appendix A.2

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

(Mark one)

[✓] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1991

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 1-1150

New England Telephone and Telegraph Company

A New York Corporation	I.R.S. Employer Identification Number 04-1664340

125 High Street, Boston, Massachusetts 02110

Telephone Number (617) 743-9800

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

THE REGISTRANT, A WHOLLY-OWNED SUBSIDIARY OF NYNEX CORPORATION, MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION J(2).

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]*

*Not applicable

DOCUMENTS INCORPORATED BY REFERENCE:

None.

NOTES TO FINANCIAL STATEMENTS (continued)

(see Organizational Restructuring included in Management's Discussion and Analysis of Results of Operations). Based on historical precedent, management anticipates future recovery of these deferred costs through the rate-making process.

In January 1992, the Company announced that management employees who leave the Company under the Force Management Plan during 1992 and are at least 21 years old with at least one year of service as of December 26, 1991 may elect to receive their NYNEX Management Pension Plan benefit in a lump sum distribution, or as a monthly annuity beginning when they leave the Company. In addition, management employees who are not eligible for a service pension retain the existing option of waiting until retirement age before receiving their pension benefit.

During 1990, the projected benefit obligation increased by $8.3 million for the 1989 early retirement plans for management and nonmanagement employees, of which $1.7 million was expensed and $6.6 million was deferred. Based on historical precedent, management anticipates future recovery of these deferred costs through the rate-making process.

Postretirement Benefits Other Than Pensions

The Company provides certain health care and life insurance benefits for retired employees and their families. Substantially all of the Company's employees may become eligible for these benefits if they reach pension eligibility while working for the Company. Most of these benefits are provided through an insurance company whose premiums are funded as benefits are paid. Total costs of providing benefits for retired employees and their families were $45.7, $39.6 and $33.2 million in 1991, 1990 and 1989, respectively.

In September 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets totalling $133 million was transferred from the two NYNEX pension plans to health care benefit accounts established within the pension plans for reimbursement of retiree health care benefits paid by NYNEX during the 1990 tax year, of which $38 million represent benefits paid by the Company. NYNEX then established and made contributions to two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, in amounts equal to the excess pension assets transferred. The VEBA Trusts were established to begin prefunding postretirement health care benefits. In December 1991, additional excess pension assets totalling $148 million were transferred from the NYNEX pension plans to health care benefit accounts within the pension plans for reimbursement of retiree health care benefits paid by NYNEX during the 1991 tax year, of which $42 million represent benefits paid by the Company. NYNEX also made contributions to the VEBA Trusts in amounts equal to the excess pension assets transferred in December. The transfer of the excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on the Company's results of operations and financial position.

NOTES TO FINANCIAL STATEMENTS (continued)

In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106"). Adoption of this standard is required by the Company no later than January 1, 1993. Statement No. 106 will change the current practice of accounting for nonpension retirement benefits from recognizing costs as benefits are paid to accruing the expected costs of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, companies will be required to recognize the liability to current and retired employees either immediately or over a period not to exceed 20 years.

Management is currently evaluating the financial impact of this accounting standard. Initial estimates indicate that the related annual expense, assuming 20 year amortization, will increase by approximately two to three times above the projected 1993 expense levels, and the initial unfunded accumulated postretirement benefit obligation will be in the range of approximately $0.9 billion to $1.3 billion at adoption. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

(D) Common Stock

In 1991, the equity capital of the Company increased $75 million through an equity investment made by NYNEX. In 1990, the equity capital of the Company increased $98.8 million due to a $75 million equity investment made by NYNEX and $23.8 million from the transfer of ownership of NYNEX Materiel Enterprises Company and NYNEX Systems Marketing (New England) Company.

(E) Long-term Debt

Interest rates and maturities on long-term debt outstanding at December 31, 1991 and 1990 are as follows:

Dollars in Millions	Interest Rates	Maturities	December 31, 1991	December 31, 1990
Debentures:	4% - 8 1/5%	1993-2005	$ 920.0	$ 920.0
	6 1/8% - 9 1/2%	2006-2010	655.0	655.0
	9%	2026-2031	450.0	350.0
Notes:	9 1/2%	1992	-	200.0
	8 5/8%	2001	100.0	-
Capital Leases			5.0	7.5
Unamortized discount - net			(17.2)	(15.1)
Total Long-term debt			$2,112.8	$2,117.4

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

(Mark one)

✓ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 1991

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________ to ________

Commission file number 1-3435

New York Telephone Company

A New York Corporation | **I.R.S. Employer Identification Number 13-5275510**

1095 Avenue of the Americas, New York, New York 10036
Telephone Number (212) 395-2121

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: None.

THE REGISTRANT, A WHOLLY-OWNED SUBSIDIARY OF NYNEX CORPORATION, MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION J(2).

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]*

***Not applicable**

DOCUMENTS INCORPORATED BY REFERENCE:

None.

Postretirement Benefits Other Than Pensions

The Company provides certain health care and life insurance benefits for retired employees and their families. Substantially all of the Company's employees may become eligible for these benefits if they reach pension eligibility while working for the Company. Most of these benefits are provided through an insurance company whose premiums are funded as benefits are paid. Total costs of providing benefits for approximately 39,000 retired employees and their families were $91.6, $68.1 and $80.9 million in 1991, 1990 and 1989, respectively.

In September 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets totaling $133 million were transferred from the two NYNEX pension plans to health care benefit accounts established within the respective pension plans. The funds were used for reimbursement of retiree health care benefits paid by NYNEX during the 1990 tax year, of which $69 million represented benefits paid by the Company. NYNEX then established and made contributions to two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, in amounts equal to the excess pension assets transferred. The VEBA Trusts were established to begin prefunding postretirement health care benefits. In December 1991, additional excess pension assets totaling $148 million were transferred from the NYNEX pension plans to health care benefit accounts within the pension plans. The funds were used for reimbursement of retiree health care benefits paid by NYNEX during the 1991 tax year, of which $76 million represented benefits paid by the Company. NYNEX made contributions to the VEBA Trusts in amounts equal to the excess pension assets transferred in December. The transfer of excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on the Company's results of operations and financial position.

In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106"). The Company must adopt this standard no later than January 1, 1993. Statement No. 106 will change the current practice of accounting for nonpension retirement benefits from recognizing costs as benefits are paid to accruing the expected cost of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, companies will be required to recognize the liability to current and retired employees either immediately or over a period not to exceed 20 years.

Management is currently evaluating the financial accounting impact of this accounting standard. Initial estimates indicate that the related annual expense, assuming 20 year amortization, will increase by approximately two to three times above the projected 1993 expense levels, and the initial unfunded accumulated postretirement benefit obligation will be in the range of approximately $1.8 billion to $2.7 billion at adoption. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

NYNEX
Corporatio

1991
Annual Repo

Financial/Real Estate

Financial/Real Estate operating income decreased $48.7 million, or 64.3%, in 1991, and increased $24.8 million, or 48.7%, in 1990. The 1991 decrease is due to the phase out of real estate development work and related restructuring charges (see Organizational Restructuring), partially offset by the increase in revenues from leveraged leases. NYNEX Properties Company is being phased out pursuant to a 1991 reorganization plan. In 1990, the increase was principally due to growth in revenues.

Other Diversified Operations

The operating loss from Other Diversified Operations decreased $204.7 million, or 54.7%, in 1991, and increased $253.1 million, or 209.3%, in 1990. The 1991 decrease is due to the sale of the NYNEX Business Centers and the reorganization of NBISC's Office Systems Division, partially offset by restructuring charges recorded in 1991. In 1990, approximately $288 million of pretax charges were recorded. (See Organizational Restructuring.) Operating results from professional services, systems and software sales were negatively affected by market weakness in the financial and consulting services sectors. In addition, increased expenses were incurred for expansion in international markets and for various start-up businesses. Computer hardware and office automation operations reduced operating losses by lowering expenses.

Other income (expense)-net

(In millions)	1991	1990	1989
	[redacted]	$ 2.4	$ 8.2

The decrease in 1991 was principally due to $71 million of restructuring charges, primarily at NYNEX's subsidiaries other than the telecommunications group to establish reserves against certain investments (see Organizational Restructuring). The allowance for funds used during construction decreased $14 million at the telephone subsidiaries resulting from a lower average balance in plant under construction. In 1990, interest income decreased $17 million and minority interest expense increased $13 million, partially offset by a decrease in other expenses resulting from one-time charges recorded by the telephone subsidiaries in 1989 (see Organizational Restructuring).

Interest expense

(In millions)	1991	1990	1989
	[redacted]	$ 700.0	$ 691.4

Average debt levels increased from $8.2 billion in 1990 to $8.8 billion in 1991, due to new issuances of $400 million at the telephone subsidiaries, $94 million in medium-term notes at NYNEX Credit Company and $31 million at NYNEX Capital Funding Company (see Capital Resources and Liquidity), partially offset by a decrease in average interest rates from 8.2% in 1990 to 8.0% in 1991. In 1990, interest expense increased due to interest on the $450 million in debentures issued in connection with the leveraged employee stock ownership plan ("LESOP") (see Note G to the Consolidated Financial Statements) and an increase in average debt levels from $7.9 billion in 1989 to $8.2 billion in 1990, partially offset by a decrease in average interest rates from 8.4% in 1989 to 8.2% in 1990.

Income taxes

(In millions)	1991	1990	1989
	[redacted]	$ 368.3	$ 265.9

Pretax income decreased $524.8 million in 1991, and there was an increase in the reversal of excess accumulated deferred taxes from previous years that had been deferred at a tax rate higher than the 1991 statutory rate. In 1990, income taxes increased principally due to higher pretax income and a decrease in amortization of investment tax credits, partially offset by an increase in the reversal of excess accumulated deferred income taxes from previous years that had been deferred at a tax rate higher than the 1990 statutory rate and the tax effect of the dividends on LESOP shares. A reconciliation of the effective tax rate with the federal statutory rate is contained in Note B to the Consolidated Financial Statements.

Effects of a Change in Intercompany Billing Policy

In January 1991, Telesector Resources changed its method of billing for procurement services provided to the NYNEX subsidiaries and began billing them for materials and supplies at vendor invoice prices. All other costs related to procurement services, including a return on investment, are separately identified and billed to the NYNEX subsidiaries at prices for products and services that are intended to recover Telesector Resources' fully allocated costs, including a return on investment. In 1991, as a result of this change, the telephone subsidiaries experienced a $47 million increase in operating expenses for procurement services that previously would have been capitalized.

For New York Telephone, the billing policy change is subject to NYSPSC approval. As an interim step, New York Telephone has petitioned the NYSPSC for permission to impute revenues for future intrastate recovery equal to the incremental revenue requirement impact of expensing the portion of procurement costs that were formerly capitalized.

Anticipated Effects of Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions"

In December 1990, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106"). Adoption of this standard is required by NYNEX no later than January 1, 1993. Statement No. 106 will change the current practice of accounting for nonpension retirement benefits from recognizing costs as benefits are paid to accruing the expected cost of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, companies will be required to recognize the liability to current and retired employees either immediately or over a period not to exceed 20 years.

Management is currently evaluating the financial accounting impact of this accounting standard. Initial estimates indicate that the related annual expense, assuming 20-year amortization, will increase by approximately two to three times above the projected 1993 expense levels, and the initial unfunded accumulated postretirement benefit obligation will be in the range of approximately $3.5 billion to $5.0 billion at adoption. A substantial portion of the increase would be related to the telephone subsidiaries, which are subject to rate regulation. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

Anticipated Effects of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes"

In February 1992, the FASB issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("Statement No. 109"), requiring implementation by NYNEX no later than January 1, 1993. Statement No. 109 supersedes Statement of Financial Accounting Standards No. 96, which was adopted by NYNEX effective January 1, 1988. The effect of Statement No. 109 on NYNEX's results of operations and financial position has not yet been determined.

Capital Resources and Liquidity

Cash provided by operations was $3.2, $2.9 and $3.5 billion in 1991, 1990 and 1989, respectively. The reduction in cash provided by operations in 1990 was partially due to payments related to the work stoppage. Management anticipates cash provided by operations in 1992 to continue in the range attained in recent years.

NYNEX continued its capital expenditure program in 1991 designed to meet the expanding needs for telecommunications services by upgrading and extending the existing telecommunications network. Capital expenditures were $2.5 billion in 1991 and are projected to remain at a comparable level in 1992. NYNEX funded capital expenditures primarily through cash generated from operations.

NYNEX's commercial paper borrowings are supported by $1.6 billion of lines of credit with domestic and international banks. During 1991, the level of commercial paper outstanding decreased $314 million. This was primarily due to $400 million in long-term debt issuances at the telephone subsidiaries. In 1990, NYNEX entered into interest rate swaps to protect against exposure to interest rate volatility associated with certain of its commercial paper borrowings through 1997. NYNEX has also utilized interest rate instruments designed to take advantage of decreasing short-term rates.

During 1991, New York Telephone issued $200 million of its Forty Year 9⅜% Debentures due July 15, 2031. New England Telephone issued $100 million of its Ten Year 8⅝% Notes due August 1, 2001 and $100 million of its Forty Year 9% Debentures due August 1, 2031. Net proceeds of these offerings were used to repay short-term debt and for general corporate purposes. In October 1992, $300 million of New York Telephone's Five Year 9⅝% Notes and $200 million of New England Telephone's Five Year 9½% Notes will mature. The telephone subsidiaries may refinance this debt with short-term borrowings or long-term debt. New York Telephone and New England Telephone each have an additional $300 million of unissued debt securities registered with the Securities and Exchange Commission (the "SEC").

NYNEX Capital Funding Company issued $31 million of medium-term debt in 1991 used to finance real-estate projects. NYNEX Capital Funding Company has an additional $209 million in unissued medium-term debt securities registered with the SEC. Additionally in 1991, NYNEX Credit Company issued $94 million of medium-term notes to finance investments in certain assets.

Beginning in 1990 and throughout 1991, NYNEX issued new shares of common stock associated with employee savings plans and the Dividend Reinvestment and Stock Purchase Plan. This increased the equity component of NYNEX's capital structure by approximately $260 million in 1991 and $130 million in 1990. At December 31, 1991, NYNEX's capital structure consisted of 47.3% debt and 52.7% equity, compared with 47.2% debt and 52.8% equity at December 31, 1990.

In 1991, certain independent bond rating agencies lowered their rating on the debentures of New England Telephone. The rating of NYNEX and New York Telephone debentures were reaffirmed at current levels. Although Management cannot predict that the bond ratings will remain at current levels, Management believes that the bond ratings of NYNEX, New York Telephone and New England Telephone will remain at a level that is indicative of strong credit support for timely principal and interest payments in the foreseeable future.

The following table sets forth the Plans' funded status and amounts recognized in the consolidated balance sheets:

In millions	December 31, 1991	1990
Actuarial present value of accumulated benefit obligation, including vested benefits of $9,514 and $8,821, respectively	$10,277	$ 9,450
Plan assets at fair value, primarily listed stock, corporate and governmental debt and real estate	$14,0[illegible]	$12,510
Less: Actuarial present value of projected benefit obligation	11,[illegible]	10,818
Excess of plan assets over projected benefit obligation	2,1[illegible]	1,692
Unrecognized prior service cost	[illegible]	(33)
Unrecognized net gain	(2,[illegible]	(1,426)
Unrecognized transition asset	(6[illegible]	(729)
Accrued pension cost	$ (1,2[illegible]	$ (496)

The assumptions used to determine the projected benefit obligation as of December 31, 1991 and 1990 include a discount rate of 8.5% and an increase of 4.0% to 5.5% in future compensation levels, in each year. The expected long-term rate of return on pension fund assets used to calculate pension expense was 8.5% in 1991 and 1990 and 8% in 1989. From time to time, the Plans have been amended to increase the level of plan benefits. The actuarial projections included herein anticipate similar action in the future.

In April 1991, NYNEX offered a voluntary management early retirement program. The impact on the projected benefit obligation was not significant. In September 1991, as part of agreements reached between NYNEX and its unions extending collective bargaining agreements through August 5, 1995, NYNEX amended its nonmanagement pension plan to provide an early retirement incentive, which increased the projected benefit obligation by $491.8 million, of which $150.0 million was expensed and $341.8 million was deferred. The expense associated with the nonmanagement early retirement incentive was included in the charges for force reduction programs in the fourth quarter of 1991 (see Organizational Restructuring included in Management's Discussion and Analysis of Financial Condition and Results of Operations). Management anticipates future recovery of these deferred costs through the rate-making process.

In January 1992, NYNEX announced that management employees who leave NYNEX under the Force Management Plan during 1992 and are at least 21 years old with at least one year of service as of December 26, 1991 may elect to receive their NYNEX Management Pension Plan benefit in a lump sum distribution, or as a monthly annuity beginning when they leave NYNEX. In addition, employees who are not yet eligible for a service pension retain the existing option of waiting until retirement age before receiving their pension benefit.

During 1990, the projected benefit obligation increased by $128.5 million for the 1989 early retirement plans for management and nonmanagement employees, of which $73.2 million was expensed and $55.3 million was deferred. Management anticipates future recovery of these deferred costs through the rate-making process.

Postretirement Benefits Other Than Pensions

NYNEX provides certain health care and life insurance benefits for retired employees and their families. Substantially all of NYNEX's employees may become eligible for these benefits if they reach pension eligibility while working for NYNEX. Most of the benefits are provided through an insurance company whose premiums are funded as benefits are paid. Total costs of providing benefits for retired employees and their families were $153.9, $133.8 and $117.5 million in 1991, 1990 and 1989, respectively.

In September 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets totalling $133 million were transferred from the two NYNEX pension plans to health care benefit accounts established within the respective pension plans for reimbursement of retiree health care benefits paid by NYNEX during the 1990 tax year. NYNEX then established and made contributions to two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, in amounts equal to the excess pension assets transferred. The VEBA Trusts were established to begin prefunding postretirement health care benefits. In December 1991, additional excess pension assets totalling $148 million were transferred from the NYNEX pension plans to health care benefit accounts within the pension plans for reimbursement of 1991 retiree health care benefits. NYNEX also made contributions to the VEBA Trusts in amounts equal to the excess pension assets transferred in December 1991. The transfer of the excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on NYNEX's results of operations and financial position.

In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106"). Adoption of this standard is required by NYNEX no later than January 1, 1993. Statement No. 106 will change the current practice of accounting for nonpension retirement benefits from recognizing costs as benefits are paid to accruing the expected cost of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, companies will be required to recognize the liability to current and retired employees either immediately or over a period not to exceed 20 years.

Management is currently evaluating the financial accounting impact of this accounting standard. Initial estimates indicate that the related annual expense, assuming 20-year amortization, will increase by approximately two to three times above the projected 1993 expense levels, and the initial unfunded accumulated postretirement benefit obligation will be in the range of approximately $3.5 billion to $5.0 billion at adoption. A substantial portion of the increase would be related to the telephone subsidiaries, which are subject to rate regulation. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

D Property, Plant and Equipment—Net

The components of property, plant and equipment—net are as follows:

In millions	December 31, 1991	1990
Buildings	[redacted]	$ 2,405.8
Outside aerial and underground facilities		10,998.5
Other telephone equipment		14,816.9
Furniture and office equipment		1,108.7
Capital leases		254.7
Total depreciable property, plant and equipment		29,584.6
Less: accumulated depreciation		10,786.5
		18,798.1
Add: Land		148.1
Plant under construction		782.7
Total property, plant and equipment—net		$ 19,728.9

E Long-term Debt

Interest rates and maturities on long-term debt outstanding are as follows:

In millions	Interest Rates	Maturities	December 31, 1991	1990
Refunding Mortgage Bonds:	3¾%–[illegible]	1993–2006	[redacted]	$ 740.0
	6%–9%	2007–2014		1,075.0
Debentures:	4%–8[illegible]%	1993–2006		670.0
	6¾%–[illegible]	2007–2018		1,805.0
	8¾%–[illegible]	2023–2031		1,250.0
	8¾%–[illegible]	2010		150.0
	[illegible]	2029		350.0
Notes	6¾%–[illegible]	1993–2008		765.4
Other				186.3
Unamortized discount—net				(46.3)
Total long-term debt				$ 6,945.4

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark one)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-1150

NEW ENGLAND TELEPHONE AND TELEGRAPH COMPANY

A New York Corporation	I.R.S. Employer Identification No. 04-1664340

125 High Street, Boston, Massachusetts 02110

Telephone Number (617) 743-9800

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: None.

THE REGISTRANT, A WHOLLY-OWNED SUBSIDIARY OF NYNEX CORPORATION, MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION J(2).

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes..X..No.....

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

Not applicable

DOCUMENTS INCORPORATED BY REFERENCE:

In April 1991, the Company offered a voluntary management early retirement program. The impact on the projected benefit obligation was not significant. In October 1991, as part of agreements ratified by the Company and its unions extending collective bargaining agreements until August 5, 1995 (see Collective Bargaining Agreement in Management's Discussion and Analysis of Results of Operations), NYNEX amended its nonmanagement pension plan to provide an early retirement incentive, which increased the projected benefit obligation by $113.4 million, of which $34.2 million was expensed and $79.2 million was deferred. The expense associated with the nonmanagement early retirement incentive was included in the charges for force reduction programs in the fourth quarter of 1991 (see Organizational Restructuring included in Management's Discussion and Analysis of Results of Operations).

The Company has discussed with its regulators a plan to recover deferred pension costs through the rate-making process (see Postretirement Benefits Other Than Pensions below).

Postretirement Benefits Other Than Pensions

The Company provides certain health care and life insurance benefits for retired employees and their families. Substantially all of the Company's employees may become eligible for these benefits if they reach pension eligibility while working for the Company. Total costs of providing benefits for retired employees and their families were $63.7, $50.8 and $44.2 million in 1992, 1991 and 1990, respectively.

During 1992 and 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets, totalling $205 and $281 million, respectively, was transferred from the two NYNEX pension plans to health care benefit accounts established within the respective pension plans. The funds were used for reimbursement of retiree health care benefits paid by NYNEX during the 1992, 1991 and 1990 tax years, of which $58, $42 and $38 million, respectively, represented benefits paid by the Company. In 1991, NYNEX established two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, to begin prefunding postretirement health care benefits. In 1992 and 1991, amounts equal to the excess pension assets transferred were contributed to the VEBA Trusts. The assets in the VEBA Trusts consist primarily of equity securities and fixed income securities. The transfer of excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on the Company's results of operations and financial position.

The Company will adopt Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106") effective January 1, 1993. Statement No. 106 will change the current practice of accounting for postretirement benefits from recognizing costs as benefits are paid to accruing the expected cost of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, the Company intends to recognize the transition obligation for retired employees and the earned portion for active employees over a 20-year period. It is estimated that 1993 annual cost under

Statement No. 106 will be $135 million, an incremental cost increase of approximately $65 million over the current methodology, and the initial unfunded accumulated postretirement benefit obligation will be $850 million. Amortization of the initial unfunded transition obligation, together with the ongoing annual expense recognized under Statement No. 106 in excess of costs recognized under the current methodology, will be offset by the effect of actuarial assumption changes made under Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" ("Statement No. 87").

The Company has discussed an accounting plan with regulatory commissions in each of the states in which it operates for the intrastate regulatory accounting and rate-making treatment of pensions and other postretirement benefits. The accounting plan allows for the immediate adoption of Statement No. 106 and Statement No. 87 on a revenue requirement neutral basis, provides for the amortization of existing deferred pension costs within a ten-year period and eliminates the need for additional deferrals of Statement No. 87 and Statement No. 106 costs. This plan will be implemented for the States of Massachusetts and Vermont, but its status in the States of Maine, New Hampshire and Rhode Island is still pending. With respect to interstate treatment, the FCC released an order in January 1993 stating that costs recognized under Statement No. 106 are not exogenous costs and, therefore, do not warrant an upward rate adjustment under price caps at this time. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

Postemployment Benefits

In November 1992, the FASB issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("Statement No. 112"). The Company is required to adopt this standard no later than January 1, 1994. Statement No. 112 applies to postemployment benefits provided to former or inactive employees, their beneficiaries, and covered dependents after employment but before retirement. Statement No. 112 will change the Company's current method of accounting for postemployment benefits from a combination of recognizing costs as benefits are paid and accruing them upon termination of employment to accruing the expected costs of providing these benefits if certain conditions are met.

In the year of adoption, the initial effect of Statement No. 112 should be recognized immediately and reported as an accounting change. Management is currently evaluating the financial impact of this accounting standard; the effect of Statement No. 112 on the Company's results of operations and financial position has not yet been determined. It has not yet been determined whether the regulatory authorities will permit amortization of the transition amount and whether the transition amount will be accounted for in operating expenses. Management is unable to predict with any certainty what effects the future regulatory environment may have on the financial impact of this standard.

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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark one)
(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission file number 1-3435

NEW YORK TELEPHONE COMPANY

A New York Corporation

I.R.S. Employer Identification No. 13-5275510

1095 Avenue of the Americas, New York, New York 10036

Telephone Number (212) 395-2121

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: None.

THE REGISTRANT, A WHOLLY-OWNED SUBSIDIARY OF NYNEX CORPORATION, MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION J(2).

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X... No ......

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )*

*Not applicable

DOCUMENTS INCORPORATED BY REFERENCE:

None.

Postretirement Benefits Other Than Pensions

The Company provides certain health care and life insurance benefits for retired employees and their families. Substantially all of the Company's employees may become eligible for these benefits if they reach pension eligibility while working for the Company. Total costs of providing benefits for approximately 39,900 retired employees and their families were $119.6, $91.6 and $68.1 million in 1992, 1991 and 1990, respectively.

During 1992 and 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets, totalling $205 million and $281 million, respectively, were transferred from the two NYNEX pension plans to health care benefit accounts established within the respective pension plans. The funds were used for reimbursement of retiree health care benefits paid by NYNEX during the 1992, 1991, and 1990 tax years, of which $108 million, $76 million and $69 million, respectively, represented benefits paid by the Company. In 1991, NYNEX established two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, and contributed amounts equal to the excess pension assets transferred. The VEBA trusts were established to begin prefunding postretirement health care benefits. The assets in the VEBA trusts consist primarily of equity securities and fixed income securities. The transfer of excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on the Company's results of operations and financial position.

The Company will adopt Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106") effective January 1, 1993. Statement No. 106 will change the current practice of accounting for postretirement benefits from recognizing costs as benefits are paid to accruing the expected cost of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, the Company intends to recognize the transition obligation for retired employees and the earned portion for active employees over a 20-year period. It is estimated that 1993 annual cost under Statement No. 106 will be $250 million and the initial unfunded accumulated postretirement benefit obligation will be $1.6 billion. Amortization of the initial unfunded transition obligation, together with the ongoing annual expense recognized under Statement No. 106 in excess of costs recognized under the current methodology, will be offset by actuarial assumption changes made under Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" ("Statement No. 87").

Postretirement Benefits Other Than Pensions (Continued)

On December 18, 1992, the Company submitted an accounting plan to the NYSPSC for the regulatory accounting and rate making treatment of pensions and other postretirement benefits. The accounting plan allows for the immediate adoption of Statement No. 106 and Statement No. 87 on a revenue requirement neutral basis, provides for the amortization of existing deferred pension costs within a ten-year period and eliminates the need for additional deferrals of Statement No. 106 and Statement No. 87 costs. This matter is pending. With respect to interstate treatment, the FCC released an order in January 1993 stating that costs recognized under Statement No. 106 are not exogenous costs and, therefore, do not warrant an upward rate adjustment under price caps at this time. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

Postemployment Benefits

In November 1992, the FASB issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("Statement No. 112"). The Company is required to adopt this standard no later than January 1, 1994. Statement No. 112 applies to postemployment benefits provided to former or inactive employees, their beneficiaries, and covered dependents after employment but before retirement. Statement No. 112 will change the Company's current method of accounting for postemployment benefits from a combination of recognizing costs as benefits are paid and accruing them upon termination of employment to accruing the expected costs of providing these benefits if certain conditions are met.

In the year of adoption the initial effect of Statement No. 112 should be recognized immediately and reported as an accounting change. Management is currently evaluating the financial impact of this accounting standard; the effect of Statement 112 on the Company's results of operations and financial position has not yet been determined. It has not yet been determined whether the regulatory authorities will permit amortization of the transition amount and whether the transition amount will be accounted for in operating expenses. Management is unable to predict with any certainty what effects the future regulatory environment may have on the financial impact of this standard.

Appendix A.3

RETIREE HEALTH PLANS (PRE-65)

Feature	Management Plan *	Non-Management Plan
• Type Of Plan – Comprehensive options	• Active comprehensive Options – $4,000/$8,000 deductible, 70% coinsurance, $7,000/$10,000 stop-loss – $600/$1,200 deductible, 80% coinsurance, $1,800/$3,000 stop-loss – $350/&$700 deductible, 80% coinsurance, $1,400/$2,800 stop-loss	• Active basic plus major medical

* Applies to Management employees with Pension Effective Date on or after 7/2/85; all other Management retirees are covered under the provisions shown for the Non-Management Plan.